

Message Text

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ACTION OPIC-06

INFO OCT-01 ARA-10 ISO-00 EB-08 COME-00 CIAE-00 INR-07

NSAE-00 AID-05 /037 W

-----280756Z 076352 /15

R 272035Z JAN 77

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 3022

INFO AMCONSUL GUAYAQUIL

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E.O. 11652: N/A

TAGS: EINV, EC

SUBJECT: VISIT OF ADVANCE TEAM FOR PROPOSED OPIC ANDEAN MISSION

REFS: (A) STATE 3107; (B) 76 STATE 251674

1. SUMMARY: VISIT BY THE TWO OPIC REPRESENTATIVES INDICATES "ALL SYSTEMS ARE GO" FOR THE PROPOSED OPIC ANDEAN MISSION. END SUMMARY.

2. MESSRS. GAMBRELL AND MANSBACH ARRIVED IN QUITO 5:30 P.M. (AFTER FOUR-HOUR DELAY IN BOGOTA) JAN. 25 AND DEPARTED 7:00 P.M. JAN. 26. DURING THEIR STAY THEY CALLED ON THE MINISTER AND THE SUBSECRETARY OF INDUSTRIES, COMMERCE AND INTEGRATION (MICEI); DIRECTOR AND THE ACTING CHIEF OF PROMOTION OF CENDES (ECUADOREAN CENTER FOR INDUSTRIAL DEVELOPMENT); THE EXECUTIVE DIRECTOR OF THE ECUADOREAN-AMERICAN CHAMBER OF COMMERCE (ECUAME); AND AMBASSADOR AND OTHER EMBOFFS. THE OPIC REPRESENTATIVES WERE ACCOMPANIED BY THE E/C COUNSELOR DURING THE CALLS.

3. ALL PARTIES INTERVIEWED BY THE OPIC REPRESENTATIVES EXPRESSED STRONG SUPPORT FOR HAVING THE PROPOSED OPIC MISSION. THE MICEI AND CENDES OFFICIALS AFFIRMED THEY WOULD WELCOME STEPPED-UP U.S. PRIVATE INVESTMENT IN ECUADOR, AND UNCLASSIFIED

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SUPPLIED LISTS OF SPECIFIC SECTORS AND PROJECTS WHICH MIGHT BE OF SPECIAL INTEREST TO PROSPECTIVE U.S. INVESTORS. THEY ASSURED THE OPIC REPRESENTATIVES THAT ARRANGEMENTS WOULD BE MADE FOR THE OPIC ANDEAN MISSION TO MEET WITH APPROPRIATE MINISTERS AND OTHER TOP GOE OFFICIALS. CENDES OFFERED TO BE CO-SPONSOR OF THE MISSION. ECUAME ALSO OFFERED TO BE CO-SPONSOR.

4. MINISTER OF MICEI, GALO MONTANO, STRESSED THAT EUROPEANS HAVE BEEN SIGNIFICANTLY INCREASING THEIR INVESTMENT IN ECUADOR IN RECENT MONTHS. REFERRING TO HIS RECENT SIX-WEEK VISIT TO VARIOUS EUROPEAN COUNTRIES AS HEAD OF A HIGH-LEVEL GOE MISSION SEEKING EXPANDED TRADE AND INVESTMENT, HE CITED SEVERAL SPECIFIC PROJECTS IN WHICH EUROPEANS ARE NOW EITHER ACTIVELY NEGOTIATING INVESTMENTS OR HAVE RECENTLY SIGNED INVESTMENT AGREEMENTS. AMONG THE LATTER, HE CITED AN AGREEMENT JUST SIGNED BY WEST GERMAN PARTIES FOR INVESTMENT IN ECUADOR'S FIRST STEEL MILL. THE MINISTER ALSO REFERRED TO HIS TRIP TO THE UNITED STATES LAST MAY DURING WHICH HE MADE PRESENTATIONS AT MEETINGS WITH U.S. BUSINESSMEN, SPONSORED BY THE COUNCIL OF THE MAERICAS. HE SAID HE HAD FOUND CONSIDERABLE INTEREST IN ECUADOR ON THE PART OF THE U.S. BUSINESSMEN, AND HE HOPED THAT THE OPIC INVESTMENT MISSION WOULD PROVIDE A MEANS TO FURTHER ENCOURAGE SUCH INTEREST AND TO INITIATE MUTUALLY BENEFICIAL INVESTMENT PROJECTS.

5. MINISTER OF MICEI REPORTED HE HAS OBTAINED CONCURRENCE FROM GOE FOREIGN MINISTER FOR THE PROPOSED EXCHANGE OF NOTES REAFFIRMING THE 1955 AND 1963 BILATERAL AGREEMENTS RE INVESTMENT GUARANTEES, AS PER REF B. HE SAID FOREIGN MINISTRY IS NOW WORKING OUT THE NECESSARY ARRANGEMENTS FOR THE EXCHANGE OF NOTES, AND HE EXPECTS THE EXCHANGE TO BE EFFECTED WITHIN A FEW WEEKS.

6. SUBSECRETARY OF MICEI STRESSED THAT THE GOE DURING THE UNCLASSIFIED

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PAST YEAR HAS TAKEN NUMEROUS STEPS TO FACILITATE PROCEDURES FOR FOREIGN PRIVATE INVESTMENT IN ECUADOR, AND SAID THAT BY THE TIME THE OPIC MISSION WOULD ARRIVE HERE MICEI WILL TRY TO HAVE READY SEVERAL PUBLICATIONS IN ENGLISH EXPLAINING THESE PROCEDURES AND PROVIDING DETAILED INFORMATION ON SPECIFIC SECTORS AND PROJECTS FOR WHICH U.S. PRIVATE INVESTMENT WOULD BE WELCOMED. TO PROVIDE ADEQUATE TIME FOR PREPARATION OF SUCH MATERIALS, HE SAID, HE WOULD MUCH PREFER THAT THE MISSION COME TO ECUADOR IN EARLY MAY RATHER THAN IN LATE APRIL. THE OPIC REPRESENTATIVES SAID THAT UPON THEIR RETURN TO THE U.S. THEY WOULD ATTEMPT TO HAVE THE MISSION RESCHEDULED ACCORDINGLY, BUT THEY ADDED THAT RESCHEDULING MIGHT PROVE DIFFICULT.

7. EMBASSY COMMENT: IT APPEARS TO THE EMBASSY THAT IN ECUADOR "ALL SYSTEMS ARE GO" FOR THE PROPOSED OPIC ANDEAN MISSION. WE SEE A GOODLY NUMBER OF SIGNIFICANT INVESTMENT OPPORTUNITIES ALREADY ON HAND, AND MORE IN PROSPECT SOON, AND WE SEE INVESTORS FROM VARIOUS EUROPEAN COUNTRIES ALREADY

MOVING IN ON THESE OPPORTUNITIES. WHILE FOREIGN INVESTORS
IN ECUADOR OFTEN FIND THEIR PROJECTS BESET BY PROBLEMS
ARISING FROM DEFECTS IN THE GOE BUREAUCRACY, LABOR AGI-
TATION AND OTHER FACTORS, THE FACT IS THAT FOREIGN PRIVATE
INVESTMENT IN ECUADOR HAS GENERALLY BEEN QUITE REWARDING.
WITH MOST GOE KEY CABINET-LEVEL ECONOMIC POSITIONS NOW
OCCUPIED BY OFFICIALS VERY FAVORABLY DISPOSED TOWARDS FOREIGN
PRIVATE INVESTMENT, AND WITH THE PENDING FAIRLY AMICABLE
SETTLEMENT OF THE GOE'S DISPUTE WITH THE GULF OIL COMPANY, WE
BELIEVE THE INVESTMENT CLIMATE IN ECUADOR AS OF NOW IS
BETTER THAN IT HAS BEE FOR SOME YEARS.
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Disposition Approved on Date:
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